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# HOUSE BILL No. 1633

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10-8-2.6; IC 21-6.1-5-17.

**Synopsis:** Teacher pensions and retiree health insurance. Removes the two year limitation on a surviving spouse's participation in a retired local unit employee's group health insurance program, and reinstates surviving spouses who are eligible for coverage. Permits a retired teachers' retirement fund (TRF) member to assign benefits for paying dues for a retired membership to any association that proves to the TRF board's satisfaction that the association has as members at least fifty percent (50%) of the active members of the fund.

**Effective:** July 1, 2005.

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January 19, 2005, read first time and referred to Committee on Employment and Labor.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1633

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10-8-2.6 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2.6. (a) This section  
3 applies only to local unit public employers and their employees. This  
4 section does not apply to public safety employees, surviving spouses,  
5 and dependents covered by section 2.2 of this chapter.  
6 (b) A public employer may provide programs of group insurance for  
7 its employees and retired employees. The public employer may,  
8 however, exclude part-time employees and persons who provide  
9 services to the unit under contract from any group insurance coverage  
10 that the public employer provides to the employer's full-time  
11 employees. A public employer may provide programs of group health  
12 insurance under this section through one (1) of the following methods:  
13 (1) By purchasing policies of group insurance.  
14 (2) By establishing self-insurance programs.  
15 (3) By electing to participate in the local unit group of local units  
16 that offer the state employee health plan under section 6.6 of this  
17 chapter.



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1 A public employer may provide programs of group insurance other  
 2 than group health insurance under this section by purchasing policies  
 3 of group insurance and by establishing self-insurance programs.  
 4 However, the establishment of a self-insurance program is subject to  
 5 the approval of the unit's fiscal body.

6 (c) A public employer may pay a part of the cost of group insurance,  
 7 but shall pay a part of the cost of group life insurance for local  
 8 employees. A public employer may pay, as supplemental wages, an  
 9 amount equal to the deductible portion of group health insurance as  
 10 long as payment of the supplemental wages will not result in the  
 11 payment of the total cost of the insurance by the public employer.

12 (d) An insurance contract for local employees under this section  
 13 may not be canceled by the public employer during the policy term of  
 14 the contract.

15 (e) After June 30, 1986, a public employer shall provide a group  
 16 health insurance program under subsection (g) to each retired  
 17 employee:

18 (1) whose retirement date is:

19 (A) after May 31, 1986, for a retired employee who was a  
 20 teacher (as defined in IC 20-6.1-1-8) for a school corporation;  
 21 or

22 (B) after June 30, 1986, for a retired employee not covered by  
 23 clause (A);

24 (2) who will have reached fifty-five (55) years of age on or before  
 25 the employee's retirement date but who will not be eligible on that  
 26 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et  
 27 seq.;

28 (3) who will have completed twenty (20) years of creditable  
 29 employment with a public employer on or before the employee's  
 30 retirement date, ten (10) years of which must have been  
 31 completed immediately preceding the retirement date; and

32 (4) who will have completed at least fifteen (15) years of  
 33 participation in the retirement plan of which the employee is a  
 34 member on or before the employee's retirement date.

35 (f) A group health insurance program required by subsection (e)  
 36 must be equal in coverage to that offered active employees and must  
 37 permit the retired employee to participate if the retired employee pays  
 38 an amount equal to the total of the employer's and the employee's  
 39 premiums for the group health insurance for an active employee and if  
 40 the employee, within ninety (90) days after the employee's retirement  
 41 date files a written request with the employer for insurance coverage.  
 42 However, the employer may elect to pay any part of the retired

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employee's premiums.

(g) A retired employee's eligibility to continue insurance under subsection (e) ends when the employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq., or when the employer terminates the health insurance program. A retired employee who is eligible for insurance coverage under subsection (e) may elect to have the employee's spouse covered under the health insurance program at the time the employee retires. If a retired employee's spouse pays the amount the retired employee would have been required to pay for coverage selected by the spouse, the spouse's subsequent eligibility to continue insurance under this section is not affected by the death of the retired employee. The surviving spouse's eligibility ends on the earliest of the following:

- (1) When the spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
- (2) When the employer terminates the health insurance program.
- ~~(3) Two (2) years after the date of the employee's death.~~
- ~~(4) (3)~~ (3) The date of the spouse's remarriage.

**(h) If:**

- (1) the surviving spouse of a deceased retired employee has ceased to be eligible to continue insurance under subsection (g) because the retired employee's death occurred more than two (2) years earlier; and**
  - (2) none of the other events listed in subsection (g) that end a surviving spouse's eligibility for coverage has occurred;**
- the surviving spouse shall be reinstated in the health insurance program of the deceased retired employee's employer on July 1, 2005, and continues to be eligible for coverage in the program until one (1) of the events listed in subsection (g) that end a surviving spouse's eligibility occurs.**

~~(h)~~ (i) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-6.1-6-1(c). An employee who is on leave without pay is entitled to participate for ninety (90) days in any group health insurance program maintained by the public employer for active employees if the employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance. However, the employer may pay all or part of the employer's premium for the insurance.

~~(i)~~ (j) A public employer may provide group health insurance for retired employees or their spouses not covered by subsections (e) through (g) and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than

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1 required by subsections (e) through (g). A public employer may  
 2 provide group health insurance to an employee who is on leave without  
 3 pay for a longer period than required by subsection ~~(h)~~ (i), and may  
 4 continue to pay all or a part of the employer's premium for the  
 5 insurance while the employee is on leave without pay.

6 SECTION 2. IC 21-6.1-5-17 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. ~~Benefits Exempted~~  
 8 ~~from Legal Process; Assignment of Benefits.~~ (a) The benefits payable  
 9 from the fund are exempt from seizure or levy on attachment,  
 10 supplemental process, and all other processes.

11 (b) A member may not transfer any benefit payment. Such a transfer  
 12 is void. However, a member may assign benefits for paying:

13 (1) premiums on a group, life, hospitalization, surgical, or medical  
 14 insurance plan maintained in whole or in part by a state agency;

15 ~~and~~

16 (2) dues to any association which proves to the board's  
 17 satisfaction that the association has as members at least twenty  
 18 percent (20%) of the number of retired members of the fund; **and**

19 **(3) dues for a retired membership to any association that**  
 20 **proves to the board's satisfaction that the association has as**  
 21 **members at least fifty percent (50%) of the number of active**  
 22 **members of the fund.**

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